

HUNTON ANDREWS KURTH LLP

Koorosh Talieh
2200 Pennsylvania Avenue NW
Washington, DC 20037
Telephone: (202) 662 2715
Email: ktalieh@HuntonAK.com

*Proposed Special Litigation Counsel
to the Debtors*

LOEB & LOEB LLP

Schuyler G. Carroll (admitted *pro hac vice*)
William M. Hawkins (admitted *pro hac vice*)
Lindsay S. Feuer
Noah Weingarten (admitted *pro hac vice*)
345 Park Avenue
New York, NY 10154
Telephone: (212) 407-4000
Email: scarroll@loeb.com
whawkins@loeb.com
lfeuer@loeb.com
nweingarten@loeb.com

Counsel to the Debtors

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF NEW JERSEY**

In re:

Marine Environmental Remediation
Group LLC, et al.,

Debtors.¹

Marine Environmental Remediation Group
LLC, et al.,

Plaintiffs,

vs.

Starr Indemnity & Liability Company, et al.,

Defendants.

Chapter 7

Case No. 19-18994-VFP
(Jointly Administered)

Judge: Vincent F. Papalia

Adv. Pro. No. 20-01141-VFP

**OBJECTION OF THE DEBTORS
TO TRUSTEE'S MOTION TO APPROVE SETTLEMENT**

¹ The Debtors herein, along with the last four digits of each Debtor's federal tax identification number are Marine Environmental Remediation Group LLC (7870); and MER Group Puerto Rico LLC (0508). The mailing address for both Debtors is 12 Hillcrest Road, Mountain Lakes, New Jersey 07046.

Marine Environmental Remediation Group LLC and MER Group Puerto Rico LLC (collectively, the “**Debtors**”), by and through counsel, respectfully submit this opposition to Charles M. Forman’s, the Chapter 7 Trustee (“**Trustee**”) *Motion to Approve Settlement* (Dkt. No. 51) (the “**Motion**”).

1. The Debtors object to the proposed settlement with Starr Indemnity & Liability Company (“**Starr**”). The insurance disputes at issue in this proceeding are high-dollar value damages that will result in the estates recovering significantly more by litigating those disputes with the insurers than simply settling with Starr on what clearly amounts to onerous terms (the Debtors paying their insurer) with little or no analysis of the merits of the pending claims.

2. On November 30, 2020, the Debtors’ Special Litigation Counsel, Koorosh Talieh changed law firms, leaving Perkins Coie LLP and joined Hunton Andrews Kurth LLP.

3. On that day, the Trustee issued a letter to Perkins Coie requesting the release of the Debtors’ files to Mr. Talieh at his new firm.

4. In that letter, the Trustee indicated that the purpose behind the file release request was that so “we can investigate retaining him [Mr. Talieh] to represent the Debtors in these matters.” *See* Exhibit 1.

5. Since that time, Hunton Andrews Kurth LLP has agreed to represent the Debtors as Special Litigation Counsel in the bankruptcy proceeding subject to securing litigation financing.

6. Hunton Andrews Kurth has negotiated a litigation financing arrangement with Omni Bridgeway, wherein Omni Bridgeway has agreed to finance the pending insurance litigations in the bankruptcy proceeding. The details of the Omni Bridgeway proposal is attached as Exhibit 2. The proposal is subject to Omni Bridgeway’s routine underwriting exercise, which should be completed in short order.

7. The Debtors respectfully request that the Court deny the Trustee's Motion and provide the Debtors with the opportunity to litigate the insurance disputes with the insurers in this proceeding and secure a significantly better result for the estate.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court deny the Motion and grant such other and further relief as this Court deems appropriate.

Dated: December 14, 2020
New York, New York

HUNTON ANDREWS KURTH LLP

Koorosh Talieh
2200 Pennsylvania Avenue NW
Washington, DC 20037
Telephone: (202) 662 2715
Email: ktalieh@HuntonAK.com

*Proposed Special Litigation Counsel
to the Debtors*

/s/ Lindsay S. Feuer

LOEB & LOEB LLP

Schuyler G. Carroll (admitted *pro hac vice*)
William M. Hawkins (admitted *pro hac vice*)
Lindsay S. Feuer
Noah Weingarten (admitted *pro hac vice*)
345 Park Avenue
New York, NY 10154
Telephone: (212) 407-4000
Facsimile: (212) 407-4990
Email: scarroll@loeb.com
whawkins@loeb.com
lfeuer@loeb.com
nweingarten@loeb.com

Counsel to the Debtors

Exhibit 1

Letter from Trustee

FORMAN HOLT

ATTORNEYS AT LAW

November 30, 2020

Perkins Coie LLP
Attn: Anthony Coleman, Records
700 Thirteenth Street, N.W.
Suite 800
Washington, D.C. 20005-3960
E: acoleman@perkinscoie.com

Re: Transfer of Records

To Whom It May Concern:

I am the Chapter 7 Trustee for Marine Environmental Remediation Group, LLC ("Marine") and MER Group Puerto Rico, LLC ("MER" and, together with "Marine", the "Debtors") and am responsible for the files related to the pending litigations against Starr Indemnity & Liability Company and Travelers Property Casualty Company of American where Perkins Coie LLP has been representing the Debtors. Since Koorosh Talieh, the attorney at Perkins Coie LLP primarily responsible for the file is leaving Perkins Coie LLP, we request that Perkins Coie LLP release Marine and MER Perkins Coie LLP client files (number 128804.0005, 128804.0002.ES90, 128804.0002.ES91) to Koorosh Talieh as custodian for the files, at the address given below, so we can investigate retaining him to represent the Debtors in these matters. This request pertains to records in both hardcopy and electronic form.

Hunton Andrews Kurth
2200 Pennsylvania Avenue, N. W.
Washington, D.C. 20037
c/o Rachel Ball (202) 955-1940

Sign: 

Printed Name: Charles Forman

Its: Trustee

Date: November 30, 2020

FORMAN LAW LLC
www.formanlaw.com
Reply to Rochelle Park

Exhibit 2

Omni Bridgeway Litigation Funding Proposal

TERM SHEET

NON - BINDING EXCEPT AS TO EXCLUSIVITY

This term sheet and the contents therein are confidential and are provided pursuant to and in accordance with the non-disclosure agreement between the Funder and the Claimants.

Term	Description
Funder	Omni Bridgeway Management (USA) LLC or any of its affiliates ("Omni").
Claimants	Marine Environmental Remediation Group LLC and MER PR, LLC (collectively, "MER").
Defendants	Starr Indemnity & Liability Company and Travelers Property Casualty Company of America.
Lawyers	Hunton Andrews Kurth, LLP
Litigation	Any and all claims, actions and/or proceedings relating to or arising from the case captioned <i>Marine Environmental Remediation Group LLC and MER Group Puerto Rico LLC, v. Starr Indemnity & Liability Company and Travelers Property Casualty Company of America</i> , Adversarial Proceeding No.20-1141-VFP pending in the United States Bankruptcy Court, District of New Jersey.
Funding Amount	<p>\$1M to be disbursed as follows:</p> <ul style="list-style-type: none"> (a) Omni will pay 50% of approved monthly invoiced amounts, up to a total cap of \$750,000, through the conclusion of trial and all post-trial motions; and (b) Omni will pay 100% of approved monthly invoiced costs, up to a total cap of \$250,000, through the conclusion of trial and all post-trial motions. <p>Lawyers will be responsible for any hourly fees in excess of \$750,000 through trial and any costs in excess of \$250,000.</p>
Omni's Return	<p>Omni's return is limited solely to recovery from the Litigation and otherwise it has no recourse to payment from Claimant. Omni is entitled to the following return:</p> <ul style="list-style-type: none"> (a) If payment is received by Omni before 12 months from the date of the funding agreement, the greater of two times (2x) the Funding Amount or 20% of the Litigation proceeds; (b) If payment is received by Omni on or after 12 months and before 24 months from the date of the funding agreement, the greater of three times (3x) the Funding Amount or 25% of the Litigation proceeds; (c) If payment is received by Omni on or after 24 months and before the earlier of 36 months from the date of the funding agreement and the commencement of any trial in the Litigation, the greater of three and one half times (3.5x) the Funding Amount or 25% of the Litigation proceeds;

	<p>(d) If payment is received by Omni on or after 36 months from the date of the funding agreement, the greater of four times (4x) the Funding Amount or 25% of the Litigation proceeds.</p> <p>Omni shall also be entitled to recover a one-time transaction fee of \$20,000 from the Litigation proceeds only.</p>
Exclusivity	<p>The Claimant agrees that it will not solicit, discuss, negotiate or enter into a transaction with another funding or investing party for a period of 45 days from the date this term sheet is signed, to permit Omni to perform due diligence to its satisfaction in order to enable it to determine whether to enter into a binding claim purchase agreement with Claimants. This period may be renewed for such period or periods as the parties agree upon in writing.</p>
Commitment	<p>This term sheet summarizes the principal terms of a possible funding transaction between the parties and reflects Omni's continuing consulting review of the feasibility of such a transaction. Other than with respect to Exclusivity, this term sheet is not intended to be legally binding nor does it constitute a commitment or offer by any party to any possible funding transaction. Neither party shall be obligated to proceed with any transaction unless they execute a definitive written agreement that is mutually acceptable to them. Omni's commitment is also subject to its investment committee approval.</p>
Governing Law	<p>This term sheet and any transaction documents to follow shall be governed by New York law without resort to any principles of conflicts of law.</p>
Expiration	<p>This term sheet expires in 10 days if not executed by the parties or not extended by Omni.</p>

MARINE ENVIRONMENTAL REMEDIATION GROUP LLC OMNI BRIDGEWAY MANAGEMENT (USA) LLC

By: _____ By: _____

Name: _____ Name: _____

Its: _____ Its: _____

Date: _____ Date: _____

MER PR LLC

By: _____

Name: _____

Its: _____

Date: _____